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ILLINOIS COMMERCE COMMISSION

STATE OF ILLINOIS

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NORTH COUNTY COMMUNICATIONS CORPORATION,

Complainant,

vs.

VERIZON NORTH, INC. and VERIZON SOUTH, INC.,

Respondents.

Docket No. 07-

CHIEF CLERK'S OFFICE

07-0376

VERIFIED COMPLAINT

1. NORTH COUNTY COMMUNICATIONS CORPORATION (hereinafter "NORTH COUNTY"), by its undersigned attorneys, brings this Verified Complaint against VERIZON NORTH, INC. and VERIZON SOUTH, INC. (hereinafter collectively "VERIZON"), pursuant to §§ 13-514, 13-515, and 13-516 of the Illinois Public Utilities Act ("the Act") and 83 Ill. Admin. Code Part 766. In summary, NORTH COUNTY seeks declaratory, injunctive, statutory and legal relief against VERIZON for intentional, discriminatory, anticompetitive and unlawful actions in: (1) refusing to enter into a direct agreement with NORTH COUNTY to obtain Calling Name ("CNAM") information and Line Information Database ("LIDB") of NORTH COUNTY's end users; (2) insisting that, if NORTH COUNTY desires to have its end users' LIDB and CNAM information available to VERIZON and VERIZON's end users, NORTH COUNTY must store its information in the database of a third-party vendor selected by VERIZON; and (3) refusing to allow NORTH COUNTY to store and provide line and CNAM information using NORTH COUNTY's own resources and facilities. VERIZON's actions, as described herein, result in a *per se* barrier to the development of competition as prohibited by the Act.

THE PARTIES

2. NORTH COUNTY is a California corporation with its principal place of business located at 3802 Rosecrans Street, Suite 485, San Diego, California 92110. NORTH COUNTY is a competitive local exchange carrier ("CLEC") certified by the Illinois Commerce Commission to provide facilities-based telecommunications service in Illinois.

3. VERIZON NORTH, INC. is a Wisconsin corporation with its principal place of business in Illinois located at 1312 East Empire Street, Bloomington, Illinois 61701 and is an incumbent local exchange carrier ("ILEC") authorized to provide local and intralata interexchange telecommunications service in Illinois.

4. VERIZON SOUTH, INC. is a Virginia corporation with its principal place of business in Illinois located at 1312 East Empire Street, Bloomington, Illinois 61701 and is an ILEC authorized to provide local and intralata interexchange telecommunications service in Illinois.

THE FACTS

5. On April 11, 2001, in Docket No. 00-0818, the Illinois Commerce Commission ("the Commission") granted NORTH COUNTY a Certificate of Interexchange Service Authority, a Certificate of Service Authority, and a Certificate of Exchange Service Authority authorizing NORTH COUNTY to provide competitive resold and facilities-based local and interexchange telecommunications services.

6. On February 15, 2002, NORTH COUNTY filed a complaint against VERIZON before the Commission (Docket No. 02-0147) for refusing NORTH COUNTY's request for interconnection.

7. On April 10, 2002, in Docket No. 02-0181, the Commission approved an interconnection agreement ("ICA") between VERIZON and NORTH COUNTY.

8. On October 6, 2004, in Docket No. 02-0147, the Commission found that "Verizon knowingly impeded the development of competition by (1) unreasonably refusing or delaying

1 interconnection with [NORTH COUNTY] in violation of Section 13-514(1) of the Act; (2)
2 unreasonably acting in a manner that had a substantial adverse effect on the ability of [NORTH
3 COUNTY] to provide service to customers in violation of Section 13-514(6); and (3) unreasonably
4 delaying implementation of its interconnection agreement with NCC by unreasonably delaying,
5 increasing [NORTH COUNTY]'s costs, and impeding the availability of [NORTH COUNTY]'s
6 services to consumers generally in violation of Section 13-514(8)."

8 9. On or about February 8, 2007, NORTH COUNTY executed an agreement with
9 VERIZON for access to and querying VERIZON's LIDB and CNAM databases containing line and
10 calling name information ("CNAM/LIDB Contract").

11 10. The CNAM/LIDB Contract sets forth the terms and conditions, including rates and
12 references to applicable tariffs where such rates are set forth in VERIZON tariffs, for NORTH
13 COUNTY's access to VERIZON's Line Information Database and related information, including
14 CNAM information.

15 11. Access to the information provided for in the CNAM/LIDB Contract is essential to
16 NORTH COUNTY's ability to offer and provide effective and competitive local exchange services
17 to its existing and potential customers.

18 12. In practical application, the database and querying services contemplated under the
19 CNAM/LIDB Contract function in the following manner:

- 20 a. The database, which is controlled and owned by VERIZON, contains various
21 pieces of information about VERIZON end users and telephone numbers.
- 22 b. Examples of the information contained in the database include information
23 regarding whether a telephone number accepts collect calls or can have third-
24 party charges billed to it and the Name to show up on Caller ID displays.
- 25 c. For instance, if a NORTH COUNTY end user attempts to place a collect call to a
26 VERIZON end user, NORTH COUNTY queries VERIZON's database through
27 the Signaling System 7 ("SS7") network to determine if the VERIZON end user
28

1 number accepts collect calls.

2 d. Under the CNAM/LIDB Contract, VERIZON bills NORTH COUNTY for that
3 query of VERIZON's database.

4 e. Similarly, under the CNAM/LIDB Contract, a query is performed to obtain
5 CNAM information. That CNAM information, which is the record name
6 associated with the originating caller's number as populated in the database, is
7 transmitted to the called party and appears on the called party's Caller ID
8 display.

9 f. For instance, if VERIZON end user John Jones, with telephone number 217-123-
10 1234, places a call to a NORTH COUNTY end user, NORTH COUNTY, in
11 terminating that call to its end user, queries VERIZON's database through the
12 SS7 network to obtain the Calling Name information so this information can be
13 displayed in the Caller ID. Assuming the database is populated with the name
14 associated with 217-123-1234, the NORTH COUNTY customer will see "John
15 Jones" on his Caller ID display.

16 g. Under the LIDB Contract, VERIZON bills NORTH COUNTY for that query of
17 VERIZON's database and the CNAM information provided.

18 13. Under the CNAM/LIDB Contract, the per-query rate to access VERIZON's LIDB is
19 set by VERIZON's tariff rates on file with the Federal Communications Commission ("FCC").

20 14. Under the CNAM/LIDB Contract, the rate charged to NORTH COUNTY to access
21 VERIZON's CNAM information is \$0.006 per query.

22 15. The delivery and receipt of line and CNAM information is something that
23 telecommunications consumers have come to expect and, indeed, demand from their service
24 providers.

25 16. VERIZON has no direct agreement with NORTH COUNTY to obtain the line or
26 calling name information of NORTH COUNTY's end users when those end users place calls to
27 VERIZON customers or when a VERIZON end user attempts to place a collect call or third-party
28 billed call to a NORTH COUNTY end user.

1 17. Around the time of execution of the CNAM/LIDB Contract, NORTH COUNTY
2 asked VERIZON to execute a reciprocal contract – *i.e.*, using the same terms, conditions and rates
3 contained in the CNAM/LIDB Contract – for VERIZON to purchase line and CNAM information
4 directly from NORTH COUNTY's database.

5 18. VERIZON refused to enter into an agreement with NORTH COUNTY that would
6 mirror the CNAM/LIDB Contract and impose reciprocal payment obligations in VERIZON for
7 accessing NORTH COUNTY's end users' LIDB and CNAM information.

8 19. In refusing to enter into a direct agreement with NORTH COUNTY, VERIZON
9 stated that it is unwilling to enter into carrier-specific LIDB and CNAM information agreements.

10 20. In refusing to enter into a direct agreement with NORTH COUNTY, VERIZON
11 stated that it "has concluded that it is far more cost-effective to use third-party aggregators than to
12 enter into direct arrangements with a multitude of individual carriers."

13 21. VERIZON wants to purchase and has purchased NORTH COUNTY's line and
14 CNAM information; however, VERIZON insists on purchasing the information from a third-party
15 vendor.

16 22. In accessing and purchasing NORTH COUNTY's line and CNAM information,
17 VERIZON insists that NORTH COUNTY store its data with a particular vendor preferred by
18 VERIZON.

19 23. When NORTH COUNTY populates, stores, and updates its end user line and
20 CNAM information in third-party databases, NORTH COUNTY is required to pay substantial fees
21 to those third parties for population, storage, updating, querying and transmitting activities.

22 24. NORTH COUNTY finds it is far more cost-effective to populate, store, update,
23 query and transmit its end user line and CNAM information in its own databases, using its own
24 resources and facilities.

25 25. In addition to paying third parties a fee for the storage of NORTH COUNTY's line
26 and CNAM information, NORTH COUNTY receives only a fraction of the query charge paid by
27 VERIZON to access that information. Furthermore, the per-query rate paid to NORTH COUNTY
28 to access that information is far less than the rate NORTH COUNTY pays to VERIZON for the

1 same information under the CNAM/LIDB Contract.

2 26. If NORTH COUNTY hosts its own CNAM database, and VERIZON refuses to
3 contract with NORTH COUNTY to obtain that information, NORTH COUNTY's end users'
4 calling names will not be transmitted to Caller ID displays when they place calls to VERIZON end
5 users.

6 27. Furthermore, if NORTH COUNTY hosts its own LIDB database, and VERIZON
7 refuses to contract with NORTH COUNTY to obtain that information, NORTH COUNTY's end
8 users will be unable to receive collect calls from VERIZON end users or be able to third-party bill
9 calls to their number when using a VERIZON telephone.

10 28. Finally, the nature of populating, storing, updating, querying and transmitting LIDB
11 and CNAM information requires that such information be stored in a single location. If VERIZON
12 is permitted to dictate how, where and with whom NORTH COUNTY stores its LIDB and CNAM
13 information for VERZION's access, then VERIZON is in effect dictating NORTH COUNTY's
14 contractual relationships with all other carriers that access or wish to access NORTH COUNTY's
15 line and CNAM information.

16 CLAIMS FOR RELIEF

17 29. NORTH COUNTY repeats, repleads and realleges, as if fully set forth herein, all of
18 the allegations contained in paragraphs 1 through 28, inclusive.

19 30. Section 13-514 of the Act provides, in pertinent part, as follows:

20 Sec. 13-514. Prohibited Actions of Telecommunications Carriers. A
21 telecommunications carrier shall not knowingly impede the development
22 of competition in any telecommunications service market. The following
23 prohibited actions are considered *per se* impediments to the development
24 of competition; however, the Commission is not limited in any manner to
these enumerated impediments and may consider other actions which
impede competition to be prohibited:

25 (1) unreasonably refusing or delaying interconnections or collocation or
26 providing inferior connections to another telecommunications carrier;

27 (2) unreasonably impairing the speed, quality, or efficiency of services
28 used by another telecommunications carrier;

1 ...
2
3 (5) unreasonably refusing or delaying access by any person to another
4 telecommunications carrier;

5 (6) unreasonably acting or failing to act in a manner that has a
6 substantial adverse effect on the ability of another telecommunications
7 carrier to provide service to its customers;

8 ...
9 (8) violating the terms of or unreasonably delaying implementation of
10 an interconnection agreement entered into pursuant to Section 252 of the
11 federal Telecommunications Act of 1996 in a manner that unreasonably
12 delays, increases the cost, or impedes the availability of
13 telecommunications services to consumers.

14 31. VERZION's actions described herein demonstrate a pattern of ongoing
15 anticompetitive behavior by VERIZON against NORTH COUNTY in an effort to hinder NORTH
16 COUNTY's development and provision of telecommunications services in Illinois.

17 32. VERZION's actions described herein, including, but not limited to, VERIZON's
18 refusal to enter into a direct agreement with NORTH COUNTY to obtain NORTH COUNTY's
19 LIDB and CNAM information, its requirement that NORTH COUNTY use a third-party vendor,
20 and its requirement that NORTH COUNTY use a Verizon-preferred and Verizon-selected third-
21 party vendor, intentionally and directly increase NORTH COUNTY's costs, leading to an
22 anticompetitive result in violation of the spirit and policy of § 13-514 of the Act and § 13-514(8) of
23 the Act.

24 33. LIDB and CNAM are basic call-related database information that is essential in the
25 development of facilities-based competition. Indeed, consumers expect and demand that they be
26 able to transmit and receive CNAM information in order to screen incoming calls. VERIZON's
27 actions described herein, including, but not limited to, the actions that amount to VERIZON's
28 refusal to query NORTH COUNTY's database for LIDB and CNAM information, prohibit NORTH
COUNTY from providing and NORTH COUNTY's end users from receiving service on par with
the service VERIZON provides to its own customers. In essence, VERZION's actions will make

1 NORTH COUNTY's service less desirable to end users, resulting in impaired and inferior service
2 compared to VERIZON's own service, in violation of §§ 13-514(1) & (2) of the Act.

3 34. Due to VERIZON's actions described herein, including, but not limited to,
4 VERIZON's refusal to enter into a direct agreement with NORTH COUNTY to obtain NORTH
5 COUNTY's LIDB and CNAM information, its requirement that NORTH COUNTY use a third-
6 party vendor, and its requirement that NORTH COUNTY use a Verizon-preferred and Verizon-
7 selected third-party vendor, or else VERIZON refuses to query NORTH COUNTY's database for
8 LIDB and CNAM information and transmit such information, NORTH COUNTY's end users may
9 be prohibited from receiving collect calls or having third-party call charges assessed to their bills, in
10 violation of §§ 13-514(5) & (6) of the Act.

11 **WHEREFORE**, NORTH COUNTY respectfully requests that the Commission enter
12 judgment in its favor and against VERIZON, and that the Commission:

13 A. Find that VERIZON has engaged in a pattern of bad faith, unfair business practices,
14 and anticompetitive actions with respect to NORTH COUNTY;

15 B. Declare that VERIZON's refusal to deal in good faith with NORTH COUNTY and
16 its actions described herein violate § 13-514 of the Illinois Public Utilities Act, impede the
17 development of competition in the telecommunications market in Illinois, and are contrary to the
18 provisioning of telecommunications services in a just and reasonable manner;

19 C. Award damages to NORTH COUNTY in an amount according to proof;

20 D. Order VERIZON to reimburse NORTH COUNTY for all costs and expenses
21 incurred in bringing this action, including, but not limited to, its attorneys' fees, costs and expenses;

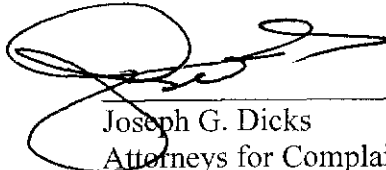
22 E. Impose a penalty of up to \$30,000 or 0.00825 percent of VERIZON's gross
23 intrastate annual telecommunications revenues, whichever is greater, for each violation of the
24 Illinois Public Utilities Act;

25 F. Order VERIZON to reimburse the Commission for all of its costs in investigating
26 the issues raised in this Verified Complaint;

27 G. Order VERIZON to cease and desist from violating § 13-514 of the Illinois Public
28 Utilities Act; and

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2 H. Provide such other relief the Commission deems to be just and proper.

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4 Respectfully submitted,

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7 

8 Dated: June 18, 2007

9 Joseph G. Dicks
Attorneys for Complainant
NORTH COUNTY COMMUNICATIONS
CORPORATION
(Application for Leave to Appear Pending)

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2 STATE OF CALIFORNIA)

3) SS.

4 COUNTY OF SAN DIEGO)
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8 VERIFICATION OF TODD LESSER

9 I, Todd Lesser, being first duly sworn and under oath, state that I am the President of North
10 County Communications Corporation and as such, am competent to testify on the facts alleged in
11 the Verified Complaint, that I have read the foregoing Verified Complaint, and that the factual
12 allegations contained therein are true and correct to the best of my knowledge and belief.
13
14

15 Todd Lesser
16 Todd Lesser
17

18 Subscribed and sworn to me this
19 18th day of June, 2007.
20

21 [Signature]
22 Notary Public
23

